

DAILY BULLETIN

JANUARY 14, 2005

DANFORTH AFFIRMS “ESSENTIAL VALUE” OF UNITED NATIONS

U.S. ambassador bids farewell to Security Council... 1

U.S. PRIVATE-SECTOR DONATIONS FOR TSUNAMI RELIEF TOP \$360 MILLION

Total nongovernmental U.S. contributions expected to reach \$700 million..... 3

UNITED STATES SEEKS TRADE ORGANIZATION REVIEW OF EU RULES

EU customs procedures lack uniformity, hinder U.S. exports, USTR says 4

CHINA PRESSED TO FORCEFULLY ATTACK INTELLECTUAL PROPERTY THEFT

“Rhetoric without results is worthless,” Commerce Secretary Evans says..... 5

DANFORTH AFFIRMS “ESSENTIAL VALUE” OF UNITED NATIONS

U.S. ambassador bids farewell to Security Council

In his last appearance at a public meeting of the U.N. Security Council, U.S. Ambassador John Danforth on January 13 reaffirmed the United States’ commitment to the United Nations and paid tribute to the world organization and fellow ambassadors.

“A lot of people have criticized the United Nations, especially recently, and they’ve a lot to criticize in the United Nations, the oil-for-food issue, the problem of abuses by peacekeepers especially in the Congo, and there will always be things to criticize. But those points of criticism did not detract, and do not detract, from the essential value of the United Nations,” Danforth said during a public Security Council briefing on the Middle East.

The United Nations is a place where the United States can listen as well as speak, the ambassador said. The United States should listen to the views of others at the United Nations even if the comments are ones “that we would rather have them not make.”

The United Nations, Danforth said, is “even more important than I thought it was when I came here. The United Nations is important for the welfare and the stability of the world. And it is important for the welfare of the United States as well.”

Danforth was appointed as chief U.S. representative to the United Nations by President Bush in June 2004 to replace Ambassador John Negroponte, who was being sent to Baghdad, Iraq, to head the U.S. embassy there at the end of the Coalition Provisional Authority.

Danforth announced that he was leaving the top U.N. post in December 2004, saying "at this point in my life the question that I ask myself is what's most important to me and what is most important to me is my wife and my home and having more time with both." The ambassador added he told President Bush that he would be available for special assignments. His resignation from the United Nations is effective January 20.

Danforth, 68, served as the attorney general of Missouri and then represented his state in the U.S. Senate from 1976 to 1994. Before accepting the U.N. posting, he was a partner in a St. Louis/Washington law firm and President Bush's special envoy to the Sudan.

Following is the text of the ambassador's remarks:

USUN PRESS RELEASE

Remarks by Ambassador John C. Danforth
U.S. Representative to the United Nations,
in the Security Council,
January 13, 2005

Thank you for your very kind words. I hope the Council would indulge me for a few words of my own.

Let me say what an excellent experience I have had here. It has only been about a little over six months, but I can remember when President Bush telephoned me and asked me if I would serve as the U.S. Representative at the United Nations. And I asked the President if he believed whether this was an important job, whether he believed the United Nations was important and he assured me that indeed it was. And on that representation I agreed to take this job, and the experience that I have had serving here has proved to me that the United Nations is indeed very, very important. I think it's important to the world and I think it's important to the United States.

Clearly, Mr. President, as you pointed out, with respect to Sudan the Security Council did play an instrumental role. I don't think there's any doubt about that. The parties recognize that. The various peacekeeping efforts we have put in place, to the UN's response to the tsunami disaster, all of these are instances where the United Nations has demonstrated its essential quality.

I have been personally impressed by my colleagues on the Council and impressed by their seriousness and impressed by their competence and particularly impressed by the way in which very diverse nations have joined together in serious efforts to address important questions.

It struck me as odd, for the first month or so, how we would get all tied up in wordsmithing, the difference between demands and urges or the difference between measures and sanctions and so on. But thinking about it, it really is evidence of the fact that people from all over the world are trying to reach together to bridge differences and to define formulations that bridge differences and allow us to move forward in addressing matters of very serious concern.

A lot of people have criticized the United Nations, especially recently, and they've a lot to criticize in the United Nations, the oil-for-food issue, the problem of abuses by peacekeepers, especially in the Congo, and there will always be things to criticize. But those points of criticism did not detract, and do not detract, from the essential value of the United Nations.

Insofar as my own country is concerned, a lot of people have voiced concern even opposition to the United Nations. I think the reasons for that are understandable; people complain, well, the United Nations doesn't always support the U.S., especially on the issue of the war in Iraq, representatives from various countries and people in the Secretariat make comments that we would rather have them not make. I would simply say in that connection the United States is a big country, it's a very strong country, it's a well-meaning country, it really tries to do the right thing. And nobody likes opposition; and nobody likes criticism. But simply because the U.S. is big, and because the U.S. is strong, it is important to be particularly open to the views of other people and the views that sometimes are different than our own. We have a concept in our own country called checks and balances, which is a governmental concept, but it is very important that the stronger you are to be a country that listens and that takes on board the views of others even though we may not end up agreeing with those views. And the UN is a place where we can speak, the U.S. can speak, it's also a place where we can listen, whether we end up agreeing or disagreeing with what we hear.

And so when President Bush said to me that the United Nations is important, it seems to me that as I leave this post, it's even more important than I thought it was when I came here. The United Nations is important for the

welfare and the stability of the world. And it is important for the welfare of the United States as well.

So, Mr. President, I thank you for your very kind remarks. And I want to thank my colleagues on the Council for their friendship and for their support these last six months.

U.S. PRIVATE-SECTOR DONATIONS FOR TSUNAMI RELIEF TOP \$360 MILLION

Total nongovernmental U.S. contributions expected to reach \$700 million

Washington - U.S. private-sector contributions to tsunami relief already have topped \$360 million and are expected to reach nearly \$700 million when planned fund raising is complete, according to figures released January 11 by the Center on Philanthropy at Indiana University.

American corporations and nongovernmental organizations are contributing cash, supplies and services to assist in immediate relief efforts as well as in long-term recovery and rehabilitation projects, according to the center.

Corporate donors include companies such as ChevronTexaco Corp., which has sent \$490,000 to the Thai Red Cross and local relief agencies; General Mills Inc., which has spent \$750,000 on food, water and shelter for victims; and Levi Strauss & Co., which has contributed \$160,000 to local relief agencies.

Foundations established by large corporations also are giving generously, among them the Abbot Laboratories Fund, pledging \$4 million in health care products and cash; the GE [General Electric] Foundation, contributing \$10 million; and the Bill & Melinda Gates Foundation, created by the Microsoft chief executive and his wife, pledging \$3 million.

Throughout the United States, charitable organizations ranging from national nonprofits to local community groups are engaged in fundraising efforts to assist tsunami survivors. In addition, nearly every major U.S. religious denomination seems to be actively supporting the relief effort. The list of donors released by the Center on Philanthropy includes the Adventist Development

and Relief Agency, American Jewish Joint Distribution Committee, Baptist World Aid, Catholic Relief Services, Episcopal Relief and Development, Lutheran World Relief, and Presbyterian Disaster Assistance. Food for Life, a food relief organization operated by Hare Krishna, is providing 20,000 fresh vegetarian meals to tsunami victims.

The American Red Cross has already contributed nearly \$160 million of a planned \$400 million expenditure to relief and recovery efforts in the affected area. The Brother's Brother Foundation, based in Pittsburgh, Pennsylvania, has sent over \$8 million's worth of medicines and supplies to tsunami survivors, while CitiHope International, a Christian relief and development agency based in Andes, New York, has contributed \$10 million to the aid effort.

The U.S. chapter of Doctors Without Borders has raised \$20 million for tsunami relief - an amount sufficient "for our currently foreseen emergency response in South Asia," according to the organization. Overall, the international nonprofit group says it has sent more than 160 international aid workers and 400 tons of relief materials to provide assistance to people affected by the crisis in South Asia.

Another volunteer organization, Habitat for Humanity, is currently working to rebuild housing in six of the 12 affected countries. The organization, based in the U.S. state of Georgia, is strongly supported by former President Jimmy Carter, who frequently participates in its home-construction projects.

For additional information on the overall aftermath of the Indian Ocean tsunami, see "U.S. Response to Tsunami and Earthquake in Asia" at:
http://usinfo.state.gov/gi/global_issues/recovery.html

UNITED STATES SEEKS TRADE ORGANIZATION REVIEW OF EU RULES

EU customs procedures lack uniformity, hinder U.S. exports, USTR says

The United States has called on the World Trade Organization (WTO) to form a dispute settlement panel to hear a U.S. complaint concerning the lack of uniformity in European Union customs procedures after direct talks with Brussels failed to resolve concerns.

“Many important aspects of customs administration in the EU are handled differently by different member State customs authorities, resulting in inconsistencies from country to country,” according to a press release from the Office of the U.S. Trade Representative (USTR).

The United States maintains that this lack of uniformity in implementing customs rules throughout the 25 EU member states, coupled with lack of procedures for prompt EU-wide review, can hinder U.S. exports, particularly those of small to mid-sized businesses.

The United States filed a request for consultations with the EU on September 21, 2004, and met with EU officials in Geneva in mid-November 2004, but the meeting failed to resolve the dispute.

“Six other WTO Members -- Argentina, Australia, Brazil, India, Japan and Taiwan -- asked to join the consultations as third parties, demonstrating the level of concern about the EU system,” said the press release, but the EU rejected those requests.

Following is the USTR press release:

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

<http://www.ustr.gov/>

Executive Office of the President

Washington, D.C.

January 13, 2005

U.S. Requests WTO Panel Against EU Over European Customs System

WASHINGTON - The office of the U.S. Trade Representative today asked the World Trade Organization (WTO) to form a dispute settlement panel in the case against the European Union regarding EU customs laws and regula-

tions. This step follows the September 21, 2004 filing of a request for consultations with the EU. Consultations between the U.S. and the EU were held in mid-November, but were unable to resolve the dispute.

Many important aspects of customs administration in the EU are handled differently by different member State customs authorities, resulting in inconsistencies from country to country. Although the EU is a customs union, there is no single EU customs administration. Lack of uniformity, coupled with lack of procedures for prompt EU-wide review, can hinder U.S. exports, particularly for small to mid-size businesses.

WTO rules require WTO Members to administer their customs laws in a uniform, impartial and reasonable manner. They also require Members to provide tribunals for prompt review and correction of administrative action relating to customs matters. The United States considers that the EU fails to meet either of these requirements.

EU institutions -- including the Commission, the Court of Justice, and the Parliament -- have routinely noted the lack of uniformity in the administration of EU customs law. For example, in its comments on a March 2001 report by the EU Court of Auditors, the Commission stated, “The objective that for all trade in goods the Community should operate as a real customs union with uniform treatment of imported goods can be

fully obtained only if the customs union is operating on the basis of a single customs administration, which is not the case.” The United States fully agrees.

Variations in the way that goods are treated by the different EU member States can cause problems that burden all traders. These problems are compounded by an inability to obtain prompt EU-wide review of national administrative decisions. An importer or other interested party has to wend its way through national administrative and/or judicial appeals before obtaining an authoritative determination from an EU-level tribunal.

Background:

The lack of uniform customs administration by the EU affects U.S. producers, farmers, and exporters in a number of important ways. For example, goods may be classified differently and thus be subject to different tariffs depending on the EU member State through which they are imported. Similarly, a U.S. exporter may be able to

obtain binding guidance in one member State on how its goods will be valued for tariff calculation purposes. But the exporter may not be able to rely on that guidance in another member State; indeed, in some member States the exporter may not be able to obtain binding valuation guidance at all.

These problems fall particularly hard on small and mid-size businesses, which often lack the resources to work their way through member State and EU bureaucracies in order to reconcile inconsistencies in classification or valuation in different States.

There are four reasons to move this dispute to a WTO panel now. First, the EU has just recently expanded from 15 member States to 25 member States. The trade barrier inherent in lack of uniform customs administration expanded when the new member States joined last May. As an indicator of the level of trade potentially affected by this barrier, it should be noted that U.S. goods exports to the EU-25 totaled \$155.2 billion in 2003. By pressing this issue now, we hope to address this problem early in the EU's process of dealing with the challenges of enlargement.

Second, enhancing trade facilitation is a key part of the Doha Development Agenda. The United States expects that pressing a major player in world trade to administer its customs laws and regulations in a uniform manner will help to advance that part of the agenda.

Third, over the past year, we have tried to work with the Commission to address the concerns of U.S. exporters. Indeed, this was the culmination of efforts over the past seven years to address such concerns in various WTO fora. Although the Commission has tried to help with individual problems, it has become clear that the allocation of authorities within the EU and even the Commission has precluded achieving the necessary systemic solutions.

Fourth, the United States and the EU held consultations on this matter in Geneva in mid-November. Six other WTO Members -- Argentina, Australia, Brazil, India, Japan, and Taiwan -- asked to join the consultations as third parties, demonstrating the level of concern about the EU system. Regrettably, the EU rejected these requests to join the consultations by major exporters to the EU. Ultimately, the consultations confirmed U.S. concerns and failed to resolve the dispute.

CHINA PRESSED TO FORCEFULLY ATTACK INTELLECTUAL PROPERTY THEFT

"Rhetoric without results is worthless," Commerce Secretary Evans says

Chinese leaders must "forcefully confront" the problem of widespread piracy and violations of intellectual property rights that put increasing strain on U.S.-China trade relations, Commerce Secretary Donald Evans says.

"Because of our persistence, the Chinese government has taken steps to strengthen IPR protections, but our focus remains on results," Evans said in a keynote address to the ambassador's forum on International Property Rights Protection in Beijing January 13. "Process is not progress. Results are progress," he said.

Evans spoke on the final day of his fourth and final visit to China as commerce secretary. He announced his resignation shortly after the U.S. presidential election in November 2004. President Bush has nominated Carlos Gutierrez, chief executive officer of the Kellogg Company, as his replacement.

Returning to a theme that he has stressed throughout his time in office, Evans urged China to move quickly toward implementation of economic reforms to strengthen rule of law, create greater transparency and predictability in business practices, and open markets to U.S. products, services and investments.

"Progress toward a level playing field has been incomplete, uneven, and unacceptable," he said.

Because of theft and piracy, Evans said, American companies are losing billions of dollars of sales and the reputation of American brands has been damaged. Particularly troubling, he added, is the fact that companies owned by local governments have been implicated in violations.

"How can the rule of law take hold when those charged with enforcing the laws are either complicit in or tolerate illegal acts?" he asked. "The key innovations contributed by Chinese companies shouldn't be path-breaking achievements in the art of deception."

Evans stressed the importance of trust in the bilateral trading relationship and said the United States has dealt with China in good faith. "We've been good partners, and we expect China's leaders to make our common

economic interests an equally important priority,” he said. “We’re not just here to raise criticisms; we’re here to help China grow and prosper.”

The commerce secretary pointed out that IPR violations ultimately harm the Chinese economy as well, discouraging investment and damaging Chinese companies that develop sophisticated products or attempt to build brand names. He cited Hong Kong as an example of how Asian governments can successfully stop piracy when they have the will to do so.

“Here’s the bottom line,” Evans said. “Rhetoric without results is worthless. We need deeds, not words, from the Chinese government. The lack of tangible and real results creates skepticism at home about China’s commitment.”

Evans expressed certainty that China can win the battle against intellectual property theft.

“I’m hopeful for the future of our relationship,” he concluded, reiterating the strong U.S. commitment to building a bilateral partnership with China. “Its foundation is healthy and strong. I draw my optimism from the many amazing people that I have met in China.”